HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCULLOCH, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

BILL No. 212

An Act to amend the Telegraphs Act

WEDNESDAY, JULY 11, 1956

WITNESSES:

Mr. Gordon F. Maclaren, Q.C., and Mr. M. E. Corlett, of Ottawa, Counsel for the Commercial Cable Company, New York; Mr. E. A. Martin, Canadian Manager; Mr. Forest L. Henderson, Executive Vice-President, New York; Mr. James A. Kennedy, Vice-President and General Counsel, New York.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCulloch, Esq.,

and Messrs:

Barnett
Batten
Bell
Bennett (Miss) (*Halton*)
Bonnier
Boucher (*Chateauguay-Huntingdon-Laprairie*)
Buchanan
Byrne
Campbell
Carrick
Carter
Cauchon
Cavers (*Vice-Chairman*)
Clark
Decore
Deschatelets
Dufresne
Dupuis
Ellis
Follwell
Gagnon
Garland
Goode
Gourd (*Chapleau*)
Green
Habel
Hahn
Hamilton (*York-West*)
Harrison
Healy
Herridge
Hodgson
Holowach
Hosking
Howe (*Wellington-Huron*)
James
Johnston (*Bow River*)
Kickham
Lafontaine
Langlois (*Gaspe*)
Lavigne
Leboe
Maltais
McBain
McIvor
Meunier
Murphy (*Lambton West*)
Murphy (*Westmorland*)
Nesbitt
Nicholson
Nixon
Nowlan
Purdy
Ross
Small
Viau
Villeneuve
Vincent
Weselak

Antonio Plouffe,
Clerk of the Committee.

ORDERS OF REFERENCE

TUESDAY, July 3, 1956.

Ordered,—That the following Bill be referred to the said Committee: Bill No. 212, An Act to amend the Telegraphs Act.

TUESDAY, July 3, 1956.

Ordered,—That the name of Mr. Bell be substituted for that of Mr. Nickle on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

THE HOUSE OF COMMONS OF CANADA

BILL 212

An Act to amend the Telegraphs Act.

R.S. c. 262; 1953-54, c. 22.

HER Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. The *Telegraphs Act* is amended by adding thereto the following Part:

"PART IV.

EXTERNAL SUBMARINE CABLES.

Interpretation.

"External submarine cable" and "telecommunication" defined.

40. In this Part, the expression "external submarine cable" means a telecommunication service by submarine cable between any place in Canada and any place outside Canada or between places outside Canada through Canada, but does not include any service by a submarine cable wholly under fresh water; and the expression "telecommunication" has the same meaning as it has in the *Radio Act*.

Licences.

Licences required.

41. No person shall in Canada

(*a*) operate an external submarine cable; or

(*b*) construct, alter, maintain or operate any works or facilities for the purpose of operating an external submarine cable

except under and in accordance with a licence issued under this Part.

Regulations.

Regulations.

42. The Governor in Council may make regulations

(*a*) providing for the issue of licences for the purposes of this Part;

(*b*) respecting applications for licences and prescribing the information to be furnished by the applicants;

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(*c*) prescribing the duration, terms and conditions of licences and the fees for the issue thereof;

(*d*) providing for the cancellation or suspension of licences for failure to comply with the terms and conditions thereof; and

(*e*) generally, for carrying the purposes and provisions of this Part into effect.

Penalties.

Offences.

43. Every person who violates any provision of this Part or the regulations is guilty of an offence and is liable

(*a*) on summary conviction, to a fine not exceeding five hundred dollars or to imprisonment for a term not exceeding six months or to both fine and imprisonment; or

(*b*) on conviction on indictment, to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding twelve months or to both fine and imprisonment.

Crown bound.

44. Her Majesty is bound by this Act.

Existing services.

45. For a period of four months after the day on which this Part comes into force this Part does not apply to any external submarine cable existing on that day."

Coming into force.

2. This Act shall come into force on a day to be fixed by proclamation of the Governor in Council.

EXPLANATORY NOTE.—The purpose of the proposed new Part is to provide for the control of submarine cables terminating in or passing through Canadian territory.

MINUTES OF PROCEEDINGS

WEDNESDAY, July 11, 1956.

The Standing Committee on Railways, Canals and Telegraph Lines met this day at 3.30 o'clock p.m. The Chairman, Mr. H. B. McCulloch, presided.

Members present: Messrs. Barnett, Batten, Bell, Bonnier, Byrne, Campbell, Carter, Cavers, Follwell, Gourd (*Chapleau*), Green, Habel, Hahn, Hamilton (*York West*), Healy, Herridge, Hodgson, Hosking, Howe (*Wellington Huron*), James, Johnston (*Bow River*), Lafontaine, Langlois (*Gaspe*), Lavigne, McCulloch (*Pictou*), Nesbitt, Nicholson, Nixon, Purdy and Small. (30).

Also present: The Honourable Geo. C. Marler, Minister of Transport, and Mr. J. R. Baldwin, Deputy Minister.

In attendance: From the Commercial Cable Company: Mr. M. E. Corlett, Counsel, Ottawa; Mr. Gordon F. Maclaren, Q.C., Counsel, Ottawa; Mr. E. A. Martin, Canadian Manager; Mr. Forest L. Henderson, Executive Vice-President, New York; Mr. James A. Kennedy, Vice-President and General Counsel, New York.

From the Western Union Telegraph Company: Mr. Alastair Macdonald, Q.C., Ottawa Counsel for the Company; Mr. Robert Levett, New York, Assistant General Attorney of the Company.

From the Privy Council: Mr. E. F. Gaskell.

The Committee commenced consideration of Bill No. 212, an Act to amend the Telegraphs Act. It was agreed to hear representations from the Commercial Cable Company as well as from the Western Union Telegraph Company as per their request to the Chairman, the former opposing The Bill.

The Honourable Minister of Transport made some preliminary remarks and quoted an extract of a letter dated July 6, received by Mr. J. G. L. Langlois from Mr. Gordon Maclaren, Q.C., of the firm of Maclaren, Laidlaw, Corlett & Sherwood, acting on behalf of the Commercial Cable Company, relating to an advance distribution of the Company's brief to the members of the Committee. The Minister's remarks followed an observation of Mr. Corlett on the same subject.

Mr. Corlett was called, made a summary of the brief, copies of which were distributed forthwith. Mr. Corlett introduced and was assisted by Messrs. Martin, Henderson and Kennedy who answered specific questions. Mr. Corlett suggested three amendments to Bill No. 212 and copies of these were tabled.

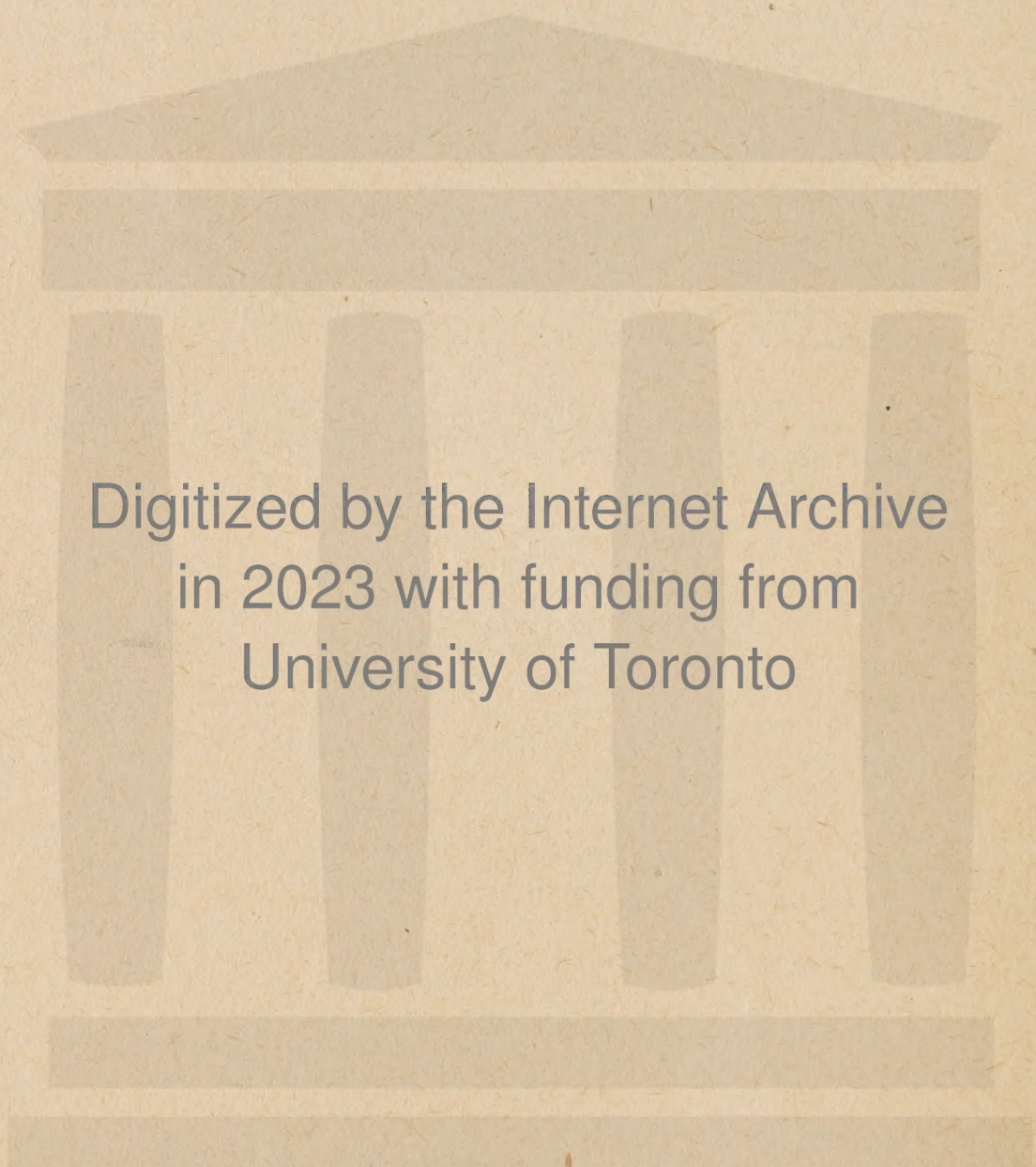
Mr. Henderson was also called, made a statement and was questioned.

Before adjournment, on motion of Mr. Cavers, seconded by Mr. Hosking,

Resolved,—That the Committee print 650 copies in English and 200 copies in French of its Minutes of Proceedings and Evidence in relation to Bill No. 212.

At 5.55 o'clock p.m., Mr. Corlett's examination still continuing, the Committee adjourned until Thursday, July 12 at 10.30 o'clock a.m.

Antonio Plouffe,
Assistant Chief Clerk of the Committee.



EVIDENCE

WEDNESDAY, July 11th, 1956,
3.30 p.m.

The CHAIRMAN: Gentlemen we have a quorum. We have before us Bill No. 212, an act to amend the Telegraphs Act. Mr. Corlett is here representing the Commercial Cable Company. Do you wish to hear him now? Mr. Corlett will introduce the members of his party.

Hon. George C. MARLER: Mr. Chairman, just before Mr. Corlett goes ahead with the presentation of his brief I would like at once to correct an impression which I think must have been created under a misunderstanding. I have here a letter which was addressed to one of the members of the committee by the firm of Maclaren, Laidlaw, Corlett and Sherwood. Perhaps members will recall that this letter was sent with the brief that was sent to members of the committee. The third paragraph states:

> I ask you to keep same confidential until the committee sits in the same way you do when such briefs are distributed in advance through the usual parliamentary procedure, which distribution facilities were denied us through the intervention of the Department of Transport.

I would like to say that I am not a member of this committee and I would not for a moment presume to give instructions to the secretary as to what should be done with any brief submitted to the committee. I would like to assure members of the committee that I have had nothing whatever to do with the distribution of this brief, neither did the officials of my department have anything to do with it, and I feel sure this statement must have been made under a complete misunderstanding as to what were the facts.

Mr. Murray E. Corlett, Counsel, Commercial Cable Company.

The WITNESS: Mr. Chairman and hon. members, before I introduce the other members of the group representing the Commercial Cable Company, in defence of our conduct as raised by the minister perhaps I might be permitted to say this—I do not think anything will turn on it but I do not want the committee to believe that we were just being difficult. Hon. members will remember that the bill received a second reading in the House of Commons a week ago yesterday and was referred to this standing committee. Our understanding, from occasions on which we have been before committees in the past, and an appropriate brief existed, was that it was often desired that copies of the brief be distributed to the members before the hearings in order that members would have a chance of seeing the nature of the case which the particular suppliant was making. We were in touch with Mr. Arsenault's branch—and I may say that our regard for Mr. Arsenault is very high; I have always thought he was a very faithful servant of parliament—and we were told on Wednesday to submit 70 copies of our brief. While we were in the process of reading them over we received a second phone call from Mr. Arsenault saying he had received instructions from the Department of Transport that they were not to be distributed in advance. It is true there was a misunderstanding, and finally the matter was cleared up, and we were advised by the chairman of this committee on Friday last that we were to file our brief

in that manner but unfortunately at that point we could not do it, so we took the only course we thought was available to us and submitted them to the members directly. But in view of the minister's explanation, as far as we are concerned we have no desire to create any difficulty at all.

With that explanation perhaps, Mr. Chairman, I might proceed.

Mr. Chairman and hon. members, I am representing Commercial Cable Company and with us we have my law partner Mr. Gordon Maclaren who is Canadian counsel for the company; Mr. E. A. Martin of Montreal, the Canadian manager of Commercial Cable Company; Mr. Forest L. Henderson, executive vice president of Commercial Cable Company in New York, and finally Mr. James A. Kennedy who is vice president and general counsel of Commercial Cable Company in New York.

At the outset we would like to thank the committee for this opportunity of presenting our case with reference to Bill No. 212. I might say that we as a Commercial Cable Company are opposed to Bill No. 212 in its present form. We feel that we have bona fide grievances and that this is our opportunity to present our side of the case to this committee and to the high court of parliament. Briefly, dealing with the history of this company, it is obvious from its name that it is engaged in the cable business. The Commercial Cable Company received from the parliament of Canada in 1884 a statute which permitted it—it was couched in quite wide terms and is appended as an exhibit to the brief—to land cables in Canada and, as a matter of fact, to operate land telegraph lines and also telephone systems, but from 1884 to the present date the Commercial Cable Company has confined its activities to the cable business. With reference to the original 1884 statute I would like to draw the attention of hon. members to section 3 where you will note that the enactment of 1884 by parliament was made subject to an already existing regulatory act. There was no Telegraph Act as such in existence in 1884 but there was a statute dealing with marine cables and telegraphs and a separate statute of a regulatory character dealing with land telegraphs and I would draw the attention of hon. members to the fact that parliament, even though this form of regulation did exist in 1884, stipulated that if there was any conflict between the provisions under the regulatory statute and the Commercial Cable private statute that the provisions under the private statute should override, and as a matter of interest in 1906 the statute revision commissioners decided that the two regulatory statutes which I have mentioned should be combined into what is now the Telegraphs Act, and I believe the Telegraphs Act has been satisfactorily carried forward to the present date though there have been some amendments.

Having obtained this statute in 1884 the company proceeded to lay certain cables and over a period of years it has laid six cables across the Atlantic from some point on the continent of Europe going across and touching Nova Scotia and in some instances Newfoundland and then going down to the United States. The first two cables, as a matter of interest, were laid in 1884; the third in 1894, another in 1900, the fifth in 1905 and the last in 1923. I would ask hon. members to note that the last cable laid by this company was in 1923 at a time when the population of Canada was a little less, I believe, than nine million people. If that is the case, surely it is a matter of common sense that now, in 1954-1955 when the population and the wealth of Canada have expanded tremendously—and our population is now over 15 million people—it would be logical that this company would want to improve and expand its facilities. Otherwise it seems to us that the company is put in a straitjacket if they have not got new facilities that have been created since 1923. Parliament has said: "you can build cable lines" but if we are going to be denied the right to build new cables it seems to me that that is a very strange way of allowing a company to do business. Either a company is going to do business, or it is not. Suppose, for instance, that the Steel Company of Canada was putting in an

addition to its plant in Hamilton—which, in fact, they are,—and at the same time somebody with legal authority said to their competitors—Algoma Steel or Dominion Foundries and Steel: "True, the Steel Company of Canada is going to put on an addition to its plant to take care of the new business arising from the great prosperity and growth of recent years but you, Dominion Foundries and Steel, or you, Algoma Steel, who are normally competitors, will not be allowed to expand your facilities."

Now it is a fact that the Telegraphs Act, section 22, does speak in terms of applying to the governor-in-council and actually I believe that is the practice that this company has followed in connection with all the cables which have been laid to date—all six of them. It is a matter of interest that in 1923 when an application was made to the then Secretary of State, the late Senator Copp recited the statutory authority we had under the 1884 statute and the regulatory provisions that existed under what is now section 22 of the Telegraphs Act, and the company was officially advised by the Secretary of State that in view of these provisions it was necessary to apply to the governor-in-council at all, as long as a landing licence was obtained from the then Minister of Marine and Fisheries, but the practice and policy of the company has always been to cooperate with the proper authorities of the federal government whenever possible and it is a fact that an application was made in every instance although, as I say, there is some legal doubt as to whether the company is obliged to do so or not.

As far as any licensing provision is concerned I would say that the company has no objection to being subjected to a licensing system as such, provided that in exercising such a licensing system the statutory rights of the company as expressed in the statute of 1884 are not nullified. And, secondly, that any system of licensing that does exist will not be exercised in favour of Commercial Cable Corporation's big competitor, about which I will have something to say in a minute, namely, the C.O.T.C.—the Canadian Overseas Telecommunications Corporation, which is a crown company and the hon. members will remember that it was created by a statute of this parliament at the second session in 1949.

Now, to complicate things—I am giving this to you as background in order that you can perhaps better understand the plea which we are putting forward today—the background of cable communications is confused, I might say, by a series of Commonwealth communication agreements. The various self-governing countries of the Commonwealth have entered into a series of agreements dating back over a number of years. There was one in 1928, the Imperial Wireless and Cables Conference, and if you look at the statutes of 1929 you will see that the parliament of Canada implemented part of the report of that Imperial conference with reference to the Pacific cable.

Coming down to 1937, there was another Commonwealth empire—I think it was called—rate conference in 1937. As a result of that conference, a number of things were agreed upon by the participants including Canada. Canada had a delegate at that conference. Now, it is not possible at this date to obtain a copy of the report, if there was ever a copy made for public distribution; but reference is made to this by Mr. Connelly of the Department of Transport when he was testifying before this committee when the C.O.T.C. bill was before this committee on November 8, 1949. He gave a review of what happened. Dealing with this 1937 conference, he stated on page 13 of the proceedings of evidence of that day, that it was agreed by the Commonwealth governments that: They would "continue the policy of resisting the authorization or opening of new circuits which would be detrimental to Cable and Wireless Limited or its associates in the British Empire".

That reference seemed to come out about ourselves and the building of new cables notwithstanding the fact that certain powers were given to our

company under the 1884 statute. The significant thing is that in so far as the 1937 agreement is concerned—the 1937 Empire Rates Conference Agreement—that it was never tabled in this house, and, certainly no legislative action arose implementing any change in communications policy arising from this agreement. That I might say is in contrast to what the British government did who were parties to the same agreement. On that point I would refer you to the British white paper entitled "Cable and Wireless Limited, proposed transfer to Public Ownership". The report is dated April 1946. I am using it at the moment because of the recital of the history of these communications agreements that have been entered into by Commonwealth countries from time to time. On page 4, dealing with the reorganization which took place in 1938 as a result of an agreement which, as far as I can tell, was the one in 1937, the subject matter ties in with what Mr. Connelly was talking about in 1949.

On page 4 it is stated:

> In the United Kingdom the necessary legislative sanction for these modifications was given by the Imperial Telegraphs Act, 1938.

I submit, as far as Canada is concerned, that the document was never tabled nor was there any legislative action implemented as a result of that agreement.

Then the war came along and we come to 1944. By then the Imperial Advisory Committee had been changed to, I believe, a Commonwealth Communications Council. In the same British government document, from which I am quoting, on page 5, they recite the fact that there was a meeting of this Commonwealth Communications Council in 1942 in Australia and another meeting in 1944. As a result of the 1944 meeting:

> —the government—that is the British government—did not think that the scheme recommanded by the council would provide that degree of central coordination essential to secure the consolidation and strengthening of the wireless and cable system which was felt to be imperative. The United Kingdom government accordingly, with the agreement of the other Commonwealth governments, asked Lord Reith to undertake a mission to the Dominions and India to explain the difficulties felt by the United Kingdom government and to explore alternatives.

Lord Reith made a trip around the world and in due course there was another telecommunications council meeting held in London Enland in 1945 as a result of Lord Reith's trip, and he was the chairman of the council meeting in London.

In item 10 on page 5 of this white paper it is stated:

> "The Commonwealth Telecommunications Conference reached the unanimous conclusion that in order to secure the desired strengthening and better ordering of the Commonwealth Telecommunications System, a fundamental change in the present organization was essential. They recommended: firstly, that the private shareholder interest in the Overseas Telecommunication Services of the United Kingdom, the dominions and India should be eliminated by the acquisition by the respective governments of the shares in the companies;

Also, without going into it further, they asked for wider powers for the Commonwealth Communications Council.

Then, in order to implement all that, in 1948, another Commonwealth Communications Conference was held and an agreement was entered into and Canada was a signatory to that agreement. In the recitals to the agreement it is stated that the purpose of this 1948 agreement was to implement what the

1945 conference had decided upon. The only reference, as far as we are aware, to this in 1945, was a statement made by the Hon. J. L. Ilsley who was acting Prime Minister. On November 8, 1945—this is in Hansard on page 1931 of the second session for 1945—Mr. Ilsley said there had been a meeting in 1945 and—

> "that conference was duly held and unanimously recommended"—and I will only refer to paragraph (*b*)—"(*b*) The public ownership of overseas telecommunications services of all the Commonwealth governments."

It would look, in 1945, as if the Commonwealth governments were intending to nationalize all the external telegraph communication services in the countries. If that is the policy of parliament, then that is so, but nothing appeared in 1945.

In 1948 we were a party to the Commonwealth Telegraphs Agreement in which it is stated—and I quote from article 1 part 1—

> 1. Each partner government in whose territory a local company is operating external telecommunication services shall purchase all the shares in the local company which it does not already own or otherwise acquire the local company's undertaking to such extent as it has not already done so.

In the next subsection, they restricted it, in so far as Canada was concerned, to the acquisitions of assets of the Canadian Marconi Company. Then, part of the agreement was that an enlarged telecommunications board would be set up with headquarters in London, England, to which the signatory countries would contribute. The basis on which they contribute is rather involved, and I do not think I need mention it here.

Article 11 of the 1948 agreement, to which Canada was a party, says:

> Each partner government shall take appropriate action—whether by legislation or otherwise—to confirm this agreement, to raise and provide the finance and to obtain the other powers necessary for it to carry out this agreement.

I am advised that this 1948 Commonwealth Telegraph Agreement, dated 11 May, 1948, to which Canada was a party, was signed on behalf of the government of Canada by Mr. N. A. Robertson who was High Commissioner in the United Kingdom, but that that agreement has never been tabled in parliament and certainly has never been implemented. On this point, let us look at the record of the British government in accord with item 13 on page 6 of this white paper which states:

> It is the government's intention to seek further parliamentary approval later for the establishment of the Commonwealth Telecommunications Board and the implementation of the scheme recommended by the Commonwealth Telecommunication Conference.

I submit, hon. members, that that is not what has been done in this country.

Coming down to more recent times, and the effect that all this has on our company because of the fact that the last cable was laid in 1923, in view of the rights which this company has under a Canadian statute, what is more logical than that the company will decide that they want to build another cable. An application to build a coaxial cable was made to the government of Canada. The statute talks about the governor in council but it was submitted to the government of Canada through the Department of Transport on September 13, 1954, although it is a fact that some of the members of the government were aware of the company's intentions a year previously. In any event, the formal application was made on September 13, 1954. Now, the hearings took place in the Hunter Building here in the city. I think there were sixteen

delegates in all and the meeting was chaired by the Assistant Deputy Minister of Transport and representatives of the department and the company were there; also I believe there was perhaps a representative or two from the Department of External Affairs and the Department of Finance which seems to be quite proper.

But, who in addition was there to pass judgment on the application of this company? There were four representatives including the president of the crown company, C.O.T.C., which is now in competition with our company and has been since 1949; and, if you please, Colonel Reith representing the British post office. You see the difficulty in which this puts a private group who are applying to a department of government as they are required to do under the statutes of Canada. We have copies of the briefs submitted at that time if any hon. members would like to see them.

Our whole case is presented, and who is there, sitting in judgment, but none other than our competitor C.O.T.C. and their English counterpart the British post office. We submit that that is not a good thing or fair from the standpoint of a private company. The upshot of that application was that on February 9, 1955, a decision was made and we were advised by the minister that in so far as through coaxial cable—that is a cable coming from Europe to the United States—was concerned it was in order to be landed at Newfoundland or Nova Scotia but that no local outlets would be allowed to Commercial Cable Corporation in Canada, notwithstanding the fact that since 1886, Commercial Cable Corporation never operated land lines but entered into an interchange agreement with the Canadian Pacific Telegraph Company and have been working with them by agreement ever since.

As a result of this decision, they are denied the right to participate in the expansion of Canada and to improve their own facilities. In this connection, Mr. Henderson will follow me and will give you the technical information. Coaxial cable is more recent than any type which existed in 1923. On that point I would like to make comment on one or two observations that were made by the minister when he was piloting this Bill 212 through the House of Commons on second reading. You will remember that he stated that a review of the Telegraphs Act was necessary. I am paraphrasing what he said but I think I am reasonably accurate. The minister said that the review of the Telegraph Act was necessary because of technological developments. Our application was not made until September, 1954, and my information is that coaxial cables on land lines in North America had existed since 1934. The first one was laid from New York to Philadelphia; and as far as submarine coaxial cables are concerned, one was laid between Key West and Cuba in April 1950, and in the same year between England and Denmark, under the North Sea.

My submission is that a co-axial cable is not something which has come to light very recently and that it was used commercially in submarine work, as far back as 1951.

Now with a statute such as the Telegraph Act—which was enacted 75 years or more ago—it is logical that perhaps it might have to be reviewed, but I submit that the government and parliament had an opportunity to review the Telegraph Act in 1954 because it was amended in that year.

Hon. members will recall that one member—I think the member for St. John-Albert, New Brunswick—raised the question at that time because he felt that the amendment dealt with then conflicted with certain provisions in another section of the act, and he raised the question and was advised by the parliamentary assistant—and I shall read from Hansard for Thursday, February 18, 1954 at page 2231, where Mr. Langlois said:

> I do not think the hon. member has clarified the point he wishes to make. However I can assure him that the law officers of our department have thoroughly considered the amendment before submitting it,...

I submit that if the advent of the commercial cable was going to present any difficulty, then it was in 1954 that the matter should have been dealt with. And hon. members will remember that about the same time that the Telegraph Act was being amended in 1954 you had your enabling bill, the Eastern Telegraph and Telephone Company bill which was going to permit the Canadian Overseas Telecommunications Corporation to participate in the trans-Atlantic telephone system, and that occurred about the same time, in March, 1954.

I submit that the key date was September, 1954, when Commercial Cable made application. But the whole result would appear to be that the government of Canada does not want to have private competition notwithstanding the reassurance by the minister in 1949 when the C.O.T.C. bill was before parliament, when he said there was no intention of C.O.T.C. to create a monopoly, and he said there would be plenty of competition. It would appear however—unless there is strong evidence to the contrary, and we have not seen any evidence to date—that the desire of the crown company is to gain control of as much business as they can.

If Commercial Cable Company is denied the right to improve its facilities, then in all seriousness they will ultimately have to consider what their future will be in Canada. They cannot carry on in 1956 with horse and buggy equipment in a jet machine age. So that, in summary, we oppose the bill on two grounds: first, if the government of Canada is going to be bound by the Commonwealth agreements—and it is for parliament to say—then they should do what the British do, and that is to enact the necessary legislation which will be necessary to over ride the rights which Commercial Cable Company have in their 1884 statute, and which are still good today.

For the reasons I have mentioned, they have not done so. Secondly, here is a company which has rights, wide rights under a statute of this parliament, and they want to improve and expand their facilities, and as a result of a decision by the minister in February 1955, they are being denied that right.

Finally, as far as Bill 212 is concerned, it is not for us to say; it is for the committee and eventually for parliament to say; but it seems to us that it presents the fact that bill 212—and these are suggestions as to how parliament can get around the difficulty and still safeguard the rights of our client, Commercial Cable Company—that is by adding a new section which would read:

> Nothing in this part affects any right or obligation granted or imposed by chapter 87 of the statutes of 1884,

and that was the Commercial Cable statute of that year.

Looking through the statutes of Canada there is a precedent for it; those words were taken from the Transport Act of 1937 or 1938 when it was enacted.

Finally, now that it is a fact that C.O.T.C. and Commercial Cable Company —one a crown company and one a private corporation—are in competition, and there is a precedent for that, just as there is in the railways, perhaps the time has now come when it would be easier for the department if the regularity powers conferred upon the governor in council under the Telegraph Act—which in fact would be administered by the Department of Transport—perhaps the time has now come when those powers should be transferred to the Board of Transport Commissioners in order to protect the interests of both groups, those of the public and those of the private groups.

Taking Bill 212 as it stands, that could be achieved with a new section on page 2 instead of the words:

> The governor in council may make regulations if you substituted the Board of Transport Commissioners may make orders and regulations.

You could carry on as it is now. That would be on page 2 of the bill in clause 42.

If that was accepted it would be necessary to go one step further and to add these words: which would read that:

All provisions of part III and this part dealing with external submarine. . . .

By Mr. Hamilton (York West):

Q. Would you please read that more slowly?—A. I have a number of copies but I did not want to go beyond the rules of the committee;—that "all the provisions of part III"—which is another part of the Telegraph Act which deals with cables—"and this part—" that is the new part being incorporated in Bill 212—"dealing with external submarine cables shall come under the jurisdiction of and be administered by the Board of Transport Commissioners".

There is one further point which arises out of our curiosity from the viewpoint of the law; in view of the fact that we have not followed the practice in the United Kingdom, I submit with respect that there is a correct practice in law which is the passing of enabling legislation under the set-up of this Commonwealth Telecommunications Board. We would like to know—the fact is that the board exists, and first of all: has Canada sent delegates since 1950 or 1951; and secondly, who those delegates have been? Thirdly, do they meet one, two or three times a year? And fourthly, how is money appropriated in order to finance Canada's share of the cost as provided in the 1948 Commonwealth Telegraph Agreement?

That is all I have to say, but Mr. Henderson, our vice-president, has certain information which he thinks would be of interest to the committee before they attempt to reach a decision on this bill.

By Mr. Cavers:

Q. Mr. Chairman, I have one question. I understand that between 1884 and 1894 two cables were established, in a period of ten years; and then in a period of six years between 1894 and 1900 one cable was established; and after the expiration of five years, in 1905, another cable was established; and after 18 years, between 1905 and 1923 one cable was established; and then in the intervening period of 30 years, may we take it that no application was made?—A. I think Mr. Henderson could answer your question better than I could.

Q. Did you find that there was any need for additional services between 1923 and 1953?

Mr. HAMILTON (*York West*): Are we going to question these witnesses after we are all through?

The CHAIRMAN: Let us call on Mr. Henderson now.

By Mr. Hamilton (York West):

Q. Perhaps the witness, Mr. Corlett, might submit his brief. Do you want to make it part of the record, or is it going to be read later on by someone else?—A. It was not our intention to take up the time of the committee to read it verbatim, but we have no objection to including it as part of the record if it is the desire of the committee.

Hon. Mr. MARLER: I am somewhat disturbed by that suggestion. I have read over the brief rather carefully and I find there are a number of passages in the brief where the statements do not properly interpret the facts. If the Commercial Cable Company wishes to put its brief before the committee, obviously that would be its right, but in that case it should be the right of every member of the committee to have an opporunity of asking questions on passages which I do not think are in conformity with the facts.

Mr. HAMILTON (*York West*): We would like to examine it too, and I think the brief should be read.

Mr. FOLLWELL: I think it should be read.

The WITNESS: Do you want me to read the brief now before Mr. Henderson is called?

The CHAIRMAN: Yes, proceed.

The WITNESS:

I. *Historic Background of Commercial Cable Company of Canada*

1. In the year 1884 by a special act of parliament, 47 Victoria Chapter 87 assented to April 19th, 1884 (copy attached as schedule "A") the Commercial Cable Company was given a broad charter and authority by the dominion parliament to land submarine cables and do business in Canada including the erection of telegraph lines across Canada. It has never erected telegraph lines, leaving this field to others and especially the Canadian Pacific Telegraphs with which it has exchanged traffic in Canada since 1884 on a contractual and co-operative basis. The Commercial Cable Company has owned and operated for many years a north Atlantic submarine cable system consisting of six cables extending between the United States, Canada and Europe. These cables were landed and operated on the shores of Canada under the above authority or charter granted by parliament. (Four of the cables of this system, land or touch the shores of Newfoundland for which authority was originally granted by the Newfoundland government). Two of the six cables were laid in 1884, one in 1894, one in 1900, one in 1905 and the latest in 1923. The present cable capacity is inadequate and is limited to 9½ duplex channels. These cables touch on Canada and service the Canadian public from coast to coast through the Canadian Pacific Telegraphs. With the fairly recent development of the greatly improved coaxial cables and the increase in use of cable communications, these facilities are now old-fashioned and inadequate for the present demand of Canada's expanding business and the clients in Canada of the Commercial Cable Company.

2. The charter is very wide and inclusive. The powers have never been abused. The cable rates must be approved by Canada (Department of Transport).

By Hon. Mr. Marler:

Q. Is that a correct statement, Mr. Corlett?—A. Our information, Mr. Minister, is that in the charter, under the existing Telegraphs Act, control over rates appears to be governed by the Board of Transport Commissioners. But, in our statute there is a provision which says that they cannot increase the rates without getting the approval of the government—having in mind, you see, that in 1884 there was no board of railway commissioners.

Mr. NIXON: Mr. Chairman, if this brief is to be read, could we not have it read through without explanations as we go along?

Hon. Mr. MARLER: I think Mr. Corlett is answering an objection on my part to the statement that the rates were subject to the control of the government.

Mr. NIXON: I see.

The WITNESS: Mr. Minister, there is a section in the Commercial Cable Company Act dealing with rates. I have not just been able to lay my finger on it. I am quoting from section 8 of the Commercial Cable Company Act:

> Provided, that the present existing rates charged for messages from any point in Canada to any point in Great Britain or Ireland, shall not be increased by the company hereby incorporated, or by any company with which it may be connected, or with which it may be pooling its receipts or to which it may be leased, unless such increase be first

approved by the governor in council: provided further, that the rate charged for the transmission of a message of 20 body words over the lines of the company between any two points in Canada, shall not be more than 25 cents,—

I think it is a fact that the statute operates only in terms of increase. But, it is also a fact that the Commercial Cable Company have always submitted their rates, whether individually or in concert with other companies, to the Department of Transport before it put any changes into effect. They have, I think, obtained their concurrence, or certainly their blessing. Certainly, I know, that has been the practice of the Commercial Cable Company, although technically speaking, if they were reducing their rates, perhaps they did not have to go to the government. Because there, you see, is an inconsistent provision with the provision in the Telegraphs Act which says you go to the Board of Transport Commissioners. Certainly I may say they have never gone to the Board of Transport Commissioners.

By Mr. Follwell:

Q. Mr. Chairman, if we are going on with this, the witness says that they submit the rates to the Department of Transport, but he did not say that the Department of Transport could take exception to them, or control them.—A. Mr. Follwell, I think if you want more information on that, I would have to turn to—

Q. Is that what you are implying?—A. Perhaps if I were ambiguous I could clarify it in this way: the Commercial Cable Company have always considered that they had to go to the Department of Transport when there has been a rate change in prospect. They have always done so. But, more recently there has been some doubt as to whether the department had jurisdiction there, because the private statute talks about going to the government if a rate increase was proposed. But, no reference was made to a decrease in the rate. I gather that the cable rates are going down, generally speaking, rather than up.

Q. Maybe I should rephrase my question, Mr. Chairman. Was there ever any exception taken to a rate by the Department of Transport, when it was submitted?—A. Mr. Martin I think would have to answer that. He is the Canadian manager.

Q. Maybe I should not interfere.

Mr. MARTIN: What was that question again, sir?

Mr. FOLLWELL: Perhaps you should leave it until a little later.

Mr. HAMILTON (*York West*): I understand there is competition in this line anyway, and if you raise your rates too high I assume there is another company to carry the necessary message.

The WITNESS: I think that would be so Mr. Hamilton, yes. We have no objection to competition and we will take our chances there.

By Mr. Carter:

Q. Mr. Chairman, either the statement is correct or it is not. The statement here does state that the cable rates must be approved. Is that statement right or wrong? I would like to know, must they have the approval, or not?—A. Perhaps in answer to the honourable member's question: at the time that this brief was written it was our understanding that they had to be approved. Since then Mr. Martin, in conversation with officers of the Department of Transport, has advised us that the department are of the opinion that they have no control over the rates, although it is a fact that the Commercial Cable Company have always submitted their rates to the department in advance and have obtained their general concurrence at least.

Q. Yes, but that does not make this statement correct.—A. That might stand subject to modification. But, there is provision in our charter, and if the honourable member requests, I will have somebody look at it while I continue, and I will come back to it, but I will certainly give the information.

Q. The minister challenged the accuracy of it, and that is all we are interested in. It is either accurate, inaccurate or doubtful. If it is doubtful, let us not say that it is accurate.—A. If it involves an increase in the rates control exists, and if it involves a decrease in the rates, it would appear as if the company does not have to go to the government for approval.

By Mr. Hamilton (York West):

Q. Is there a section in here covering the question of increases, Mr. Corlett? I have been looking through it here to see if I could find it.—A. Yes, to the best of my knowledge there is, Mr. Hamilton.

By Mr. Green:

Q. There is also one about decreasing, is there not?—A. The minister refers me to section 8: "The directors of the company may, from time to time, fix and regulate the charges to be made by the company in Canada for the sending and delivering of messages over its lines or cables: provided, that the present existing rates charged for messages from any point in Canada to any point in Great Britain or Ireland, shall not be increased by the company hereby incorporated, or by any company with which it may be connected, or with which it may be pooling its receipts, or to which it may be leased, unless such increase be first approved by the governor in council:—"

By Mr. Hamilton (York West):

Q. And from there on it deals with the rates in Canada, is that not right?—A. Yes: "Provided further, that the rate charged for the transmission of a message of 20 body words over the lines of the company between any two points in Canada, shall not be more than 25 cents, and that the charge for each body word beyond 20 in such message shall not be more than one cent." But, my understanding is that the company have never exercised the right that they had to build land lines, so presumably the last part would not have a direct application today.

Hon. Mr. MARLER: I think the committee should remember that in 1884 the rates were very high in contrast with those of the present time. They were very substantially higher. In other words the 1884 ceiling, which seems to exist, is a very high ceiling and has no relation to the present rates at all.

By Mr. Hamilton (York West):

Q. Is this ceiling set out here from line 35 to 40—that is, provided you did build lines here in Canada—is that high, or would that be considered as protection for the public now?—A. I would have to direct that question, Mr. Hamilton, to one of the technical men. I understand that the company has no intention of building land lines.

Q. I do not intend to question you here, but it has been raised by the minister as to the accuracy of your statement. The fact is that according to section 8 if there is an increase you have got to get permission from the governor in council?

Hon. Mr. MARLER: Increase over the 1884 rates.

Mr. CARTER: Which are comparatively high already. In other words this section has no meaning at the present time—no actual practical meaning.

Mr. FOLLWELL: Will we get information as to whether the present ceiling would be adequate?

By Mr. Hahn:

Q. Mr. Chairman, what is the present existing rate?—A. Either Mr. Martin or Mr. Henderson will be able to answer that.

Mr. MARTIN: Under the Canadian rate, from Canada to the United Kingdom it is 15 cents per word.

Mr. HAHN: So this would not come into effect until it got over 25 cents, and then you have to go to the governor in council?

Mr. MARTIN: May I answer this just at the moment, sir? In referring to the control of rates, we have always understood that under the Telegraphs Act, paragraphs 31 and 32 covered that. For example, 32 says "that the company may charge for the transmission of messages, and may demand and collect in advance such rates of payment therefor as are fixed by by-law of the company as its tariff rates and approved by the Transport Commissioners for Canada."

Hon. Mr. MARLER: Mr. Martin, you are suggesting the Telegraphs Act does override the special statute, are you not?

Mr. MARTIN: No.

Mr. CARTER: Then it has nothing to do with it.

Hon. Mr. MARLER: Mr. Chairman, I suggest that we should go on with the brief, and perhaps come back to the question.

Mr. NICHOLSON: Before we leave this rates part, the witness gave the rates from Canada to the United Kingdom. What about vice versa; could you give us those rates?

Mr. MARTIN: The rates are approximately the same. I believe it is a shilling per word, and at the present rate of exchange it would be approximately 15 cents per word.

Mr. HAMILTON (*York West*): In the latter part of the section it refers to 25 cents within Canada. What were the 1884 trans-Atlantic rates, do you know?

Mr. MARTIN: I am afraid I would have to go back and check that.

Mr. HAMILTON (*York West*): Check that for us.

It is to be noted particularly in sec. 3 of the charter that if the enumerated public statutes relating to marine cables and land telegraph lines, conflict with the powers granted by parliament, the powers granted in the private charter are to override these public acts. As a matter of interest these same two public statutes referred to in section 3 of the commercial cable charter were consolidated into what is now known as The Telegraphs Act in 1906 and have been carried down to the present time in practically the same language as appears in the present Telegraphs Act. Nevertheless, the plans and specifications of any new cable must be approved by the governor in council (lines 8 and 9 of Section 2 of the charter).

3. In other words, the Commercial Cable Company was and is already licensed by parliament to do what it has been doing for the last 72 years and there is adequate control of rates and where and how the cables will be laid, etc.

4. The Commercial Cable Company has been and is manned and managed in Canada entirely by Canadians. Mr. E. A. Martin of Montreal has spent a lifetime in its Canadian service and has been its manager for many years. He was born in Quebec city and distinguished himself in the last war heading Control and Telecommunications in and out of Canada.

5. No formality or difficulty was ever raised in the past when applications were made to land these cables and have outlets in Canada. In fact when an application was filed with the government of Canada to lay the 1923 cable, the company was officially advised by the Secretary of State that no order-in-council was necessary in order to permit the company to proceed under its

charter with this project. A letter of authorization from the Honourable Ernest Lapointe as Minister of Marine and Fisheries was all that was necessary. These applications were of course all made before the Commonwealth Agreements on Telecommunications.

Hon. Mr. MARLER: I take it that none of those cables that were referred to were coaxial cables?

Mr. KENNEDY: No.

The WITNESS: Mr. Kennedy says "no".

II. *Historic Background of Commonwealth Telecommunications Agreements*

1. The Canadian government through the Department of Transport or its predecessors sent delegates to all of these Commonwealth Conferences on Telecommunications and Canada was a signatory to these agreements. It is found, after thorough research, that none of these agreements were ever implemented by parliament in order to become law in Canada and thus be binding upon organizations doing business in Canada, except in the case of the 1928 agreement. The agreements in question were:

(*a*) Pacific Cables Act and schedules thereto attached including report of Imperial Wireless and Cable Conference 1928 (R.S.C. 1929 Ch. 50 which authorized the Canadian government to act only with relation to the Pacific Cable). This aside from the law, shows that parliament must implement any such agreement.

(*b*) The 1937 conference and agreement to resist the opening of new circuits. The word "resist" is not prohibit. The 1937 agreement was never implemented by parliament and it is doubtful if a copy can be obtained except from the Department of Transport files.

(*c*) Cable and Wireless Limited proposed transfer to public ownership, which is a "White Paper" based on Sir John Reith's Report of 1945 and presented by the Chancellor of the Exchequer to the British parliament in April, 1946. This has no effect in Canada but is the background leading up to the formation of the Canadian Overseas Telecommunications Company (C.O.T.C.) a crown corporation.

(*d*) The 1948 telecommunications agreement—This was not even tabled in the House of Commons and was not approved by parliament except so far as C.O.T.C. was set up. It was however immediately after this, in 1949, that C.O.T.C. was set up, and an abortive attempt was made by the Department of Transport to put Commercial Cable Company out of business in Newfoundland. Indeed the governor in council had gone so far as to pass an order in council to give authority for this.

Hon. Mr. MARLER: Mr. Chairman, I would like to interrupt at this point to deal with this statement that an abortive attempt was made by the Department of Transport to put Commercial Cable Company out of business in Newfoundland. The facts of the matter are that there was, before confederation, that is to say, before the union between Newfoundland and Canada—there was an agreement between the government of Newfoundland and the Commercial Cable Company, clause 5 of which provided that the government would hand over to the company, that is the Commercial Cable Company, at Port aux Basques and St. John's, all traffic destined to points outside of Newfoundland coming within the government's control, unless directed by the sender, via some other route. Now, when Newfoundland entered confederation, and the communication lines of Newfoundland were entrusted to the Canadian National Telegraphs for maintenance and operation, it was only natural then that the Canadian National Telegraph should object to any agreement which would

require it to transfer to the Commercial Cable Company all traffic originating in Newfoundland, destined to points outside of Newfoundland which, of course, included the mainland of Canada, and the Canadian National Telegraphs requested the department to cancel the agreement under a clause of the agreement which called for six months notice and so, pursuant to the terms of the agreement, that notice of cancellation was given, and, as I have indicated, it was done in order that Canadian National Telegraphs could carry out its operation of the telegraph lines in Newfoundland; and therefore I think this statement was an attempt that an attempt was made by the department to put the Commercial Cable Company out of business is entirely without foundation.

Mr. HAMILTON (*York West*): Could I ask the minister whether he would expect any difference in the attitude of Canadian Pacific Telegraphs if as a result of this legislation they had to deal only with government control?

Hon. Mr. MARLER: Are we talking of Bill No. 212? I do not really think it lends itself to that interpretation.

Mr. HAMILTON (*York West*): You do not see any comparison.

Mr. CARTER: May I ask the minister if the government of Newfoundland concurred in that solution?

Hon. Mr. MARLER: I am sorry, I cannot answer that question but I can obtain the information.

Mr. CARTER: What I am trying to get at is this: agreements existing at the time of confederation were covered by the terms of union. Was that cancellation in accordance with the terms of union?

Hon. Mr. MARLER: I assume it was, Mr. Carter, but unfortunately I cannot confirm or deny what you have just said.

The WITNESS: I think perhaps Mr. Henderson would be in a position to give an answer on that.

Mr. HENDERSON: I did not quite hear the question.

Mr. CARTER: My question was whether the cancellation was covered by the terms of union—or whether the terms of union were such that would not permit cancellation.

Mr. HENDERSON: I do not know, sir.

Mr. CARTER: I understand that agreements existing between Newfoundland and any other country at the time of confederation were validated by the terms of union. I am raising the question whether they could be cancelled just on the objection of the C.N.R., or whether that would be a violation of the terms of union.

Mr. HENDERSON: I do not know anything about those terms of union.

The WITNESS:

(e) The Bermuda Telecommunications Agreement of 1945 was not tabled or implemented by parliament and dealt only with radio circulits.

2. Only parliament can implement a treaty or agreement. There are many Supreme Court of Canada and privy council cases on this point if they are needed. The agreements are not apparently available in Canada. The only evidence apparently available to us in Canada on these agreements is to be found in a formal statement made by the superintendent of radio, Department of Transport, when the C.O.T.C. bill was before the House of Commons committee on November 8th, 1949. (minutes of proceedings and evidence, pages 11 to 14 inclusive). However, in particular, you are referred to the agreement of 1937 which in effect says—*Canada will resist new outlets or circuits for any*

new cables in, to or out of Canada to any private company and will proceed to control all communications in and out of Canada. The 1948 agreement was made just after the last war. Parliament was never asked to approve it, as was necessary, except so far as it was necessary to refer to these agreements in 1949 when C.O.T.C. was set up by federal legislation (1949, 2nd session, chapter 10). It is doubtful if the 1948 agreement under which C.O.T.C. was set up was ever printed in Canada let alone tabled.

3. Attached as Schedule "B" are pertinent questions and answers from Hansard, second session 1949, taken from pages (338-348), (397-402), (1033-1036), (2244-2249), dealing with this, in which the then Minister of Transport, the Honourable Lionel Chevrier, speaking for the government would appear to have assured parliament:

(*a*) that C.O.T.C. was just set up as a crown corporation to take over certain specified assets of Canadian Marconi Company at a specified price and to operate same. No wider or further powers have ever been given.

(*b*) It was not to be a monopoly and the continued operation of Commercial Gable Company and Western Union were specifically mentioned. By inference these specifically mentioned. By inference these private companies were not to be interfered with in any way by reason of C.O.T.C. being set up.

III. *Actions by Governement or Department of Transport from 1949 to date*

(1) C.O.T.C. was as stated set up in 1949 under Chapter 10, second session.

(2) Newfoundland came into confederation on 31st March, 1949.

(3) After confederation in 1949, the Department of Transport advised the Commercial Gable Company that they must get out of business in Newfoundland, giving six months' notice. (Letter attached as Exhibit "C").

Hon. Mr. MARLER: Do you really think that that letter attached bears out that statement?

The WITNESS: I think, Mr. Minister, it is true that the letter was put in merely as an indication of a trend. I concede the fact that the letter refers to what I think was known as a traffic agreement.

Hon. Mr. MARLER: I think it would be better if the brief stayed within the limits of the facts.

The WITNESS: Mr. Henderson might want to add something to that statement; perhaps he will do it later.

Mr. CARTER: May I ask one question at the point of anybody who can answer it. Did the Commercial Cable Company pay any royalties or fees to the Newfoundland government before confederation?

Mr. HENDERSON: Yes, they did—$20,000 per annum.

Mr. CARTER: Do you pay any fees or royalties now?

Mr. HENDERSON: We do not.

Mr. CARTER: You stopped paying royalties when the agreement was cancelled?

Mr. HENDERSON: That is right.

The WITNESS: *This was the first sign that Commercial Cable Company had of what has followed from then on, and would appear to be the first effort of the canadian government to implement the commonwealth agreements by indirect methods without parliament approving such agreements.*

IV. *Applications for new cable and outlets in Canada*

1. Back about 1950 the Commercial Cable Company realized it needed new cables of the improved coaxial design to take care of the greatly increased demands made upon its services. They reported their intentions to the canadian government officials in 1953. There were delays caused by extensive surveys, plans and specifications, arranging for cable ships, arranging the $25 million financing and by change of route requested by government and other matters so that it was not until September of 1954 that all the plans, maps, specifications, financial agreements, etc. were complete and filed with the canadian government in a well-prepared and complete application covering practically every detail. The Commercial Cable Company was to have twenty-four outlets in Canada available in this cable as needed over the years to come, to take care of the business from the Canadian Pacific Telegraph Company and clients of The Commercial Cable Company. These might not all be needed by The Commercial Cable Company for use in its Canadian business at first but will be made available as the needs of Canada expand or as requests are made by the government of Canada or C.O.T.C. for use of circuits. All such new business would be at rates controlled by the government of Canada,—so all Canada could suffer, would be better cable service. The proposed cable was to connect the shores of the United States, Nova Scotia, Newfoundland and eventually Great Britain.

A meeting was pressed for by the applicant. After a slight delay, namely on September 13th, 1954, a meeting was arranged to permit the Commercial Cable Company to officially explain and answer any questions on the application already filed. This was held at the board room in the Hunter building.

Some facts that throw light on the deductions herein made are set out:

At the meeting there were some sixteen men, four (4) delegates from the Department of Transport, four (4) from The Commercial Cable Company, one (1), who acted as secretary, from the privy council as the application was necessarily addressed to the governor-general in council. Among the others, *it is interesting to note that there were three (3) representatives from Canadian Overseas Telecommunications Corporation (C.O.T.C.), including its president, to whom nearly everything said was referred for his comment or approval. There was also a representative, a Lt. Col. Read, from the B.P.O.—Cable and Wireless (of Great Britain). C.O.T.C. and Cable and Wireless are direct competitors of The Commercial Cable Company and they were sitting in judgment upon this application.*

Mr. HAMILTON (*York West*): It sounds like the C.B.C.

The WITNESS: The Minister or Deputy Minister of Transport were not present.

The chairman was a new appointee to the job of Assistant Deputy Minister of Transport. He very fairly stated he knew nothing about the matter or about cables, and then, in almost the same breath, said words to the effect that The Commercial Cable Company could not make the application and do what they were asking to do. This was before any explanation or reading of the application had been made by the Commercial Cable Company representatives. It was a very abrupt and undiplomatic beginning and end, to say the least and showed the subsequent trend of events. Mr. Bowie, president of C.O.T.C. the crown corporation which is a competitor, undertook to look over the application and give the Department of Transport his opinion. Nothing further was decided at this meeting which was the only meeting ever held by the Department of Transport though the representatives of The Commercial Cable Company later saw C.O.T.C. at a technical meeting at the C.O.T.C. building in Montreal.

From the above and other facts, the natural deduction is that everything is run by the crown corporation. Further, that any information (confidential or otherwise) filed with the Minister of Transport under a Bill like 212 would go to the crown corporation just as all the vast correspondence regarding this application to date has apparently been given to this crown corporation or its directors.

After six months of argument, permission to land on the coast of Canada and pass the cable through was given;—*but the Commercial Cable Company was denied outlets in Canada* except such as might be requested by the Crown Corporation, C.O.T.C.

2. When the application for the new cable was made, The Commercial Cable Company stated therein that it would base one of its cable ships at Halifax, with an estimated annual expenditure in Halifax of about $800,000. This has been done and the S. S. John W. Mackay, a cable ship, is there now employing mostly Nova Scotians as a crew. In addition, if and when the cable starts, depending on outlets being granted, considerable capital expenditures will be made in building or laying the cable on land (Nova Scotia and Newfoundland). Also, it is estimated that annual expenses of the new cable stations in Nova Scotia or Newfoundland will be in the neighbourhood of $100,000 per annum. The financing of the cost of the cables has been arranged since early in 1954 and the capital standing by available. *Canada has been offered an interest in the cable but apparently does not want same.*

Hon. Mr. MARLER: Mr. Corlett, I wonder if you could substantiate that statement that Canada has been offered an interest in this cable company, because I have looked over the whole departmental file concerning this matter and I could see there no offer whatever of an interest in this cable company.

Mr. Gordon MACLAREN: You were good enough, I think, to give an appointment to myself, Mr. Kennedy and Mr. Martin and on that particular occasion I suggested it to you, and you said: "No, we don't want any part of it."

Hon. Mr. MARLER: I must admit I consider it a very strange way of offering us an interest in the cable company—that you should do it at an oral interview.

Mr. MACLAREN: I may be wrong, but I may have suggested it at former meetings which we have had with you, asking you if you wanted participation, but you have never come forward so we have never offered anything in writing. I admit it is not in writing.

By Mr. Hamilton (York West):

Q. This appendix E which is referred to—where does it originate?

The WITNESS: I have not got an appendix E.

Some hon. MEMBERS: Appendix D.

The WITNESS: That, Mr. Hamilton, is an official letter which we received from the minister as a result of the application of September 13, 1954. There was a letter from the minister dated February 9, 1955.

By Mr. Hamilton (York West):

Q. I may be confused, but exhibit D in my document seems to be—A. I am sorry. In one or two copies there was an addendum E attached, but in others it reads right through.

Q. It says the addendum attached is exhibit E. Where does it originate? You are on this point now.—A. The addendum.

Q. Yes.—A. I think perhaps it was an after-thought which came to our mind after the brief had been prepared.

By Mr. Johnston (Bow River):

Q. Are all these copies of the brief the same? I cannot find the statement in my brief.—A. We will have to accept the responsibility for that. The only main change after the brief was mimeographed was this argument which we put in in the form of an addendum and it would appear that some of the copies of the brief do not have that.

This may be in the best interests of the Canadian public and the general Canadian economy under the urgency of the present circumstances. However, the Nova Scotia taxpayer is backing his share of this government loan, even though Nova Scotia does not stand to benefit from the gas pipe line, and may even suffer further loss of markets for its coal in competing with this new source of gas fuel. Therefore, when another United States company that has been doing business in Canada, under charter or license directly from parliament, for 72 years, proposes to expand and improve its trans-Atlantic cable facilities to better serve the Canadian public and in doing so, bring considerable capital construction expenditures to Nova Scotia and Newfoundland, plus the basing of a cable ship at Halifax with an annual expenditure of close to one million dollars in these two provinces, it seems logical that the government of Canada should be most willing to approve of outlets or circuits in Canada from this proposed cable as already authorized by parliament. Especially when this expansion would be paid for entirely by the cable company without any loan or subsidy by the government of Canada.

By Mr. Habel:

Q. At this point, can you explain how you came to that conclusion: "Especially when this expansion would be paid for entirely by the cable company without any loan or subsidy by the government of Canada." Are you trying to infer that we are paying a subsidy to trans-Canada Pipe Lines?—A. No. I do not think that the word has any significance. Our understanding is that a loan had been made. We were endeavouring to point up here where greater facilities would be available to Canada and that this private group were willing and in a position to put up all the money themselves or through their backers.

Q. Why was the word "subsidy" used there?—A. I would be willing to withdraw the word "subsidy". There was no significance to it.

Q. It has a real significance there.—A. If you would prefer it, I would be willing to delete "subsidy" and refer to it only as a loan. I can assure you, for our purposes, we are not entering into the pipeline debate. Technically I see the point; it was a loan and not a subsidy. If you wish I am quite willing to delete the word "subsidy".

Mr. NICHOLSON: There was a subsidy in the interest rate.

By Mr. Carter:

Q. Mr. Chairman, while we are on this point, you mention an expenditure of close to $1 million for Newfoundland and Nova Scotia. How is that broken down as between Newfoundland and Nova Scotia? You mentioned $800,000 for Halifax for the ship and then there is the balance of $200,000 to be divided between the two provinces. Would that balance of $200,000 still be divided between Newfoundland and Nova Scotia?—A. Between the two provinces. Where it is necessary to maintain the cable ship at Halifax, it would be manned mostly by Canadians.

Q. So far as Newfoundland is concerned, it would not be more than $200,000?

Mr. G. F. MACLAREN: It will be roughtly $250,000.

The WITNESS: Why should the government refuse the Commercial Cable Company the right granted by Parliament to have outlets or circuits in Canada in its proposed new Trans-Atlantic cable?

The answers can only be either:

1. By the force of government authority or now by Bill 212, to indirectly try to put into force the Commonwealth Telecommunications Agreements, which have never been tabled or approved by parliament and which tend to, again, make Canada a colony as far as international telecommunictions go.

— OR —

2. Trying to justify the government action to date and the regulations contemplated under Bill 212, on the pretence of controlling cable rates, which the government bodies have always controlled and to which the cable companies have always submitted and must submit.

— OR —

3. As already stated to us by the minister, some of the regulations contemplated under Section 42 (c) of Bill 212 are to give the government the authority the minister admittedly has already exercised in denying to the Commercial Cable Company further outlets or circuits in Canada in this proposed cable. That is by means of this apparently innocent and innocuous looking Bill 212 to indirectly nullify the authority granted 72 years ago by parliament and to justify or acquire the authority already exercised in letter of February 9th, 1955 (See Exhibit "D").

— OR —

4. By regulations under Section 42 (c) of Bill 212 to deny private cable companies further new outlets or circuits in new cables which would provide better service for Canada, so that the crown corporation (C.O.T.C.) may prosper and eventually become a monopoly. In other words, to try and justify what may be a poor investment made in the crown corporation by indirect methods.

It is realized that no one can in the end win against the policy and authority of the government of Canada, no matter how legally right they may be, even with a charter from parliament. However, we feel we must at least lay before parliament, the highest court in Canada, the illegal infringements or annulments being made to the charter granted by parliament.

Hon. Mr. MARLER: Mr. Chairman, I would deny instantly that there have been infringements or annulments which were illegal; and I would ask the witness whether he really believes that parliament is a court. I do not think that parliament is a court in the ordinary sense of the word. I think we should deal more particularly with the question of the decision of the government later; but I think that I should object to the words "infringements or annulments" now.

By Mr. Johnston (Bow River):

Q. I am not a lawyer, but if the witness believes this is an illegal infringement or annulment which is being made, would he not be more proper in taking this to the court to decide whether or not it is legal; then if it is not legal of course you can then go ahead and do what you intend.—A. That is a fair question and I think I can give you a good answer. For reasons beyond our control up until only a few months ago, at the request of the United States government, this was a classified matter and we were not in a position to do anything. No publicity could be given to it, I think, at the request of the United States government until a few months ago.

By Mr. Nicholson:

Q. What is your authority for making that statement?—A. Mr. Henderson will be in a better position to tell you about that.

Mr. FOREST L. HENDERSON: The cable is partially used for defence purposes.

Mr. NICHOLSON: And you say they would not allow a Canadian corporation to present its problems?

Hon. Mr. MARLER: This is not a Canadian corporation.

Mr. NICHOLSON: It is incorporated under Canadian law?

Hon. Mr. MARLER: No, it is an American corporation with a status, under the 1884 statutes, in Canada.

Mr. JOHNSTON *(Bow River):* Would it be true that the government would not allow them to take it to the Canadian court because of that?

Hon. Mr. MARLER: No. The Canadian government has no objection whatever. If the Commercial Cable Corporation thinks it has a right of action let it go ahead.

Mr. SMALL: Can they sue the government without the government's consent?

Hon. Mr. MARLER: Do you know of a case where the government's consent has been refused?

Mr. HAMILTON *(York West):* I would say that this is the highest court in the land and I would disagree with the minister's statement that parliament is not the highest court.

Hon. Mr. MARLER: I suggest that there is this difference, that if the Commercial Cable Corporation believes it is entitled to obtain a licence under the law as it now stands, it may take action, and I take it that if the company is right the Supreme Court can order that the landing permit be granted under the act, and I am quite sure that parliament is not in a position to do that. I think that will bear examination. I am not attempting to enunciate any high principles of law, but I do not think that parliament is the highest court.

Mr. BELL: In that connection, I wonder if later on we will be having before us officials of the Department of Justice as witnesses because there are two or three very tricky legal problems involved here on which I feel we should have an explanation. For example, there is this question alluded to here on pages 3 and 4 with respect to the implementation of these treaties and agreements. It is coming up with respect to the Canada Shipping Act and I am extremely worried about our authority. Of course it was dealt with in the Senate, and I think we should have a legal opinion of it.

Hon. Mr. MARLER: If it is the wish of the committee, the solicitors could be called.

Mr. HAMILTON *(York West):* Will we have the officers of the crown owned corporation here?

Hon. Mr. MARLER: I have not asked them to come because I have my departmental officials here. However, if it is the wish of the committee to have the C.O.T.C. officials here, I will not object.

The WITNESS:

4. In other words:

(a) The Commonwealth agreements were apparently again being implemented in a round-about way without approval of parliament by denying new outlets in Canada as set out in said Commonwealth agreements.

(b) The direct authority given by parliament by charter to the Commercial Cable Company was being illegally denied after over seventy years in business in and across Canada.

5. In the meantime Canada's foreign business as a trading nation has increased and there have been and are impatient demands made to the Commercial Cable Company from the Pacific to the Atlantic to give their clients faster and better trans-Atlantic cable service, also demands for many direct lines to England and the continent for larger concerns to expedite the Canadian bids and sales on business done abroad, so that Canada can compete in world markets. These services were not available and Commercial Cable Company has refrained to date from telling its clients the reason they cannot be promised. These clients whether they like it or not will be forced to go to C.O.T.C. and the Imperial Cable System.

By Hon. Mr. Marler:

Q. Or Western Union.—A. Here I would not want to say anything.

Q. I think, when you say that they would be forced to go to C.O.T.C., it would be more exact to say they could also go to Western Union.—A. Perhaps for a short period of time.

Q. I think we are speaking of the present and should stick to facts rather than imagination?—A. It is a fact, in so far as trans-Atlantic services are concerned, that C.O.T.C., the crown company, is in competition with Commercial Cable Corporation. Western Union and Commercial Cable Corporation cannot improve their facilities, it seems to me, when its cables may play out. Western Union are in a peculiar position, but I am not authorized to speak for them. I can only conclude that eventually—and it might not be too long—that the two competitors will fall by the wayside and that C.O.T.C. will have the monopoly back although my information is that they do not actually own any trans-Atlantic cables themselves; they use Cables and Wireless cables which is a British company.

By Mr. Follwell:

Q. In that connection, if the cable played out, is this company at the present time permitted to put in a new cable of the same type and kind?—A. That raises a legal point. The charter mentions returns and other things, but whether or not this new cable must be designed the same as the old cable is a legal matter.

By Mr. Hosking:

Q. Are you suggesting that you would want to replace your new cables with a new coaxial cable?—A. Mr. Follwell wanted to know whether we would be in a position to replace existing cables.

Q. He also said with one of the same type.—A. Supposing today I have a 1910 model car—

Q. Does the act say that you may do that if you wish?—A. It says that you can renew, but must you renew with something that was done in 1884, 1905 or 1923.

Q. Were you not telling us a few minutes ago that if these cables were not different, C.O.T.C. would eventually end up with a monopoly? Would you still not have the same right to renew these cables and to keep on, and nobody could stop you?—A. That is what we tried to do in 1954 when we were told—it is true the minister said you can lay a cable, but you cannot have any outlets.

Q. Please make it perfectly clear; you said that you could not lay a cable, a new coaxial cable which is a different type of cable from that which you now have?—A. That is so.

Q. You could replace any one of those cables with the same type of cable and nobody could stop you. Isn't that in your charter?—A. I understand Mr. Martin's answer was that it would not be commercially feasible.

Q. Well, you are stating things to the committee that are not true.

Mr. SMALL: Would you want to replace it with something which was out of date?

Mr. HOSKING: When you try to deceive us, I do not like it!

Mr. BELL: There are certain statements made in the brief, and I think we should be fair about it. Mr. Carter made a statement a few minutes ago which bothered me, but I did not take exception to it at the time. These people have their brief, and there are certain allegations in it. Many of them border on very delicate legal points and if we want to argue them later, then all right, but I think we should accept them now. However, if there are definite mistakes of fact and if they can be proven, then that is another matter; but these things which depend upon the interpretation of existing law, and the interpretation of certain words in the statute are delicate legal subjects and we cannot say whether we are being misled or deceived.

Mr. HOSKING: What I was taking objection to was that the C.O.T.C. would end up with a monopoly when its original charter gives it the right to replace these cables with similar cables for all time. I am an engineer and I cannot understand what he is trying to say.

Mr. BELL: You can understand that if the Canadian National Railways operate diesels from Montreal to Toronto and if the Canadian Pacific Railway has the right to replace only their steam engines, the C.N.R. will eventually have a monopoly because the C.P.R. will be eventually run out of business.

Mr. HOSKING: But his charter says that he can replace them.

Mr. BELL: I think we need to have expert advice on that point.

Hon. Mr. MARLER: I think that is really a legal question and I do not think that the witness, Mr. Corlett, should be asked to try to dispose of that question at this point.

By Mr. Follwell:

Q. It was I who asked the question in the first place in order to get the discussion going, and for the purpose of clarifying whether or not the Department of Transport was opposed to this company renewing cables they now have or laying down new cables of the same kind, and to find out whether or not it would be economically sound to do it. The witness said it would not be economically sound, and that they would have to go out of business.—A. That is correct. When Mr. Henderson speaks he will be able to satisfy Mr. Hosking as to why he would not renew the type of cable that was laid in 1884. I can assure Mr. Hosking that we have no desire whatsoever to deceive a committee of parliament.

By Mr. Johnston (Bow River):

Q. The question of replacing a cable is a legal one. Have you ever tried to get an interpretation of it from the courts? It seems to me that if a court gave you an interpretation that you could replace it with a modern cable, then all your difficulty is over except for the landings; and you have that now, and that would naturally go on.—A. Parliament could quite properly amend the Telegraph Act at the next session of parliament, but we have not proceeded

that far. I do not think the company officials thought for one minute that approval would be given for this cable. It was only a little over a year ago that we were denied that right in so far as having outlets in Canada was concerned. The matter was classified at the request of the United States government, and we became aware that the government quite properly wanted to introduce a public bill—Bill 212—so it was our feeling that at least if we did not give our opinions now, then there was nothing we could perhaps do about it in the immediate future.

6. The Minister of Transport, the hon. Mr. Marler, has been very straightforward and outspoken to the Commercial Cable Company and its representatives in interviews with him.

(*a*) He has as recently as Tuesday, May 1st, 1956 admitted that he has never even seen or read this application for a new cable filed with the Government of Canada and the Department of Transport in September, 1954. Yet he refused this application for outlets which is what is needed by the Commercial Cable Company to stay in business in Canada. He further stated he was not familiar with the Commonwealth Agreements on Telecommunications.

(*b*) Mr. Marler has admitted it is the intention of his government to deny further outlets or circuits in cables to private companies operating in Canada,—so that C.O.T.C., the crown corporation, may prosper and justify the expenditure the Government has made in C.O.T.C. He gave other examples of such a monopoly policy by mentioning other crown corporations such as T.C.A., C.B.C., Polymer and others.

(*c*) Mr. Marler has admitted verbally that Bill 212 is to give the government the power to control outlets to the benefit of C.O.T.C. and to justify and make legal the restriction on the Commercial Cable Company of no further outlets in a cable,—(whereas parliament, by special charter, has granted such a right).

Hon. Mr. MARLER: Mr. Corlett, I think you have put a very liberal interpretation on what I said!

The WITNESS: A recent application of the principle of co-existence between a crown company and a private competitor can be illustrated by referring to the development of transportation facilities into the new Manitouadge mining area in northern Ontario. In 1954 the Canadian National Railways obtained a statute of the parliament of Canada enabling it to build a branch line into this mining area. At or about the same time the Canadian Pacific Railway, acting under its statutory powers, constructed a branch line into the same mining area. In so far as we are aware no effort was made by the government railway to deny the C.P.R. the right to build this branch line. We can only conclude from this that parliament felt that it was in the public interest that competition should be maintained notwithstanding the fact that one of the competitors was a government-owned railway.

Also about the same time a dispute over rates developed between the Canadian National Railways and Steep Rock Iron Mines Limited. This mining company must rely upon the Canadian National Railways only for the transportation of its iron ore to Port Arthur. It appeared that this dispute was only resolved after a serious threat had been made to construct a railway line into the Steep Rock district by a competitor company. This again demonstrates in our opinion the public adavantage to be derived from competition.

Statement

1. It is thought that the Department of Transport should admit the facts set out above. They are self-evident and supported by documents, history, common knowledge, the law, actual statements from officials of the Department of Transport or logical deductions based on these proven facts or statements. The Commercial Cable Company had or has nothing to hold back. Seeing the opposition it had run into in 1954 when applying for approval of the plans for the new cable, it gave to the Department of Transport a thorough brief on the law showing why the Commercial Cable Company should be granted permission for a new cable and outlets in Canada. It is understood and has actually been stated by an official of the Department of Transport that the department realized it did not have the authority to refuse the outlets to the Commercial Cable Company or to force any such outlets to be given only to the crown corporation —and that therefore Bill 212 was introduced to give the government that authority.

Hon. Mr. MARLER: Mr. Corlett, I have been unable to find any official who said any such thing as that. All I can say is that it is not an authoritative statement.

The WITNESS:

2. In other words, Bill 212, especially the rules and regulations contemplated and Section 42(*c*) in particular, is specifically aimed at making legal what the government has done and is doing in controlling all outlets in cables in and out of Canada for the benefit of the crown corporation C.O.T.C., and to implement the Commonwealth Agreements which are not law in Canada. The result will be that all business in and out of Canada will eventually go by C.O.T.C. and the imperial cable system around the world, such as it may be, even if it is not the quickest and best service for Canadian business. This is all pursuant to the Commonwealth Agreements as indicated which may be morally binding on Canada, or law in Canada as they have not been implemented by parliament. It is suggested that all this is being done under the guise of the necessity of licensing. The Commercial Cable Company does not object to being licensed again, if it has to be, but not with the restrictions intended or possible under the rules and regulations which would indirectly soon put it out of business in Canada after 72 years of service to Canadians. Hence these objections.

3. England has no such cable-landing license law as yet and legislation in the United States is not so broad and has not even been enforrced in recent cases and they have no crown corporation like C.O.T.C. to sponsor. Cable & Wireless Ltd. part of the Commonwealth system but owned by Great Britain has landed and is operating cables with outlets in Puerto Rico and the Virgin Islands without any license under the United States law. These places are deemed part of continental United States. At any rate, Commercial Cable Company is already licensed by special act of parliament and should not need a new license which new license as intended will eventually put it out of business by strangulation.

By Mr. Nesbitt:

Q. On several occasions throughout the brief it has been mentioned: "..... even if it is not the quickest and best service for Canadian business". Would the witness please explain it to us.—A. I think Mr. Martin would be in a better position to give you the information you require.

Mr. E. A. MARTIN (Manager, Commercial Cable Co.): Yes. No one communication system can give the best service to all parts of the world. For example, we have certain facilities with our own cables in certain directions. We maintain our own offices in certain countries. On the other hand, C.O.T.C.

in many cases connects with certain other places abroad and gives a better service in those instances. If you had only one company, let us say, Commercial Cable Company alone, you could not give the best service that is required in Canada. Does that answer your question?

Mr. NESBITT: No.

Mr. MARTIN: For example, let us take Italy. We maintain a cable service to Italy which is connected with the Italian state cable. For sentimental reasons it would be much further to go via London. We maintain the only cable office in Rotterdam. We maintain a cable to central and South America, and another example would be Vancouver; if you want to communicate with Japan, our route would be via San Francisco to Tokio; but if you sent it via C.O.T.C., the route would be Vancouver, Montreal, London and back around the world. The rates would be the same, but it would mean a slowing down of the service.

Mr. CARTER: How much difference would there be in the speed of the service? For example, if two messages were sent from Vancouver to Tokio, and one was sent via your company and one was sent via C.O.T.C., how much sooner would your message get there?

Mr. MARTIN: It would get there sooner.

Mr. CARTER: How much sooner?

Mr. MARTIN: 15 minutes or an hour; and in some cases it has been as much as two hours; and the same thing applies to central and South America. C.O.T.C. might take an hour and a half and more; but if you are in Vancouver and want to communicate with Australia, the fastest way would be to use C.O.T.C. with their Pacific cable; and the same would apply to the West Indies. I would be the first one to admit that they gave the best service to the West Indies. But if you take all countries combined, if Canada has the services of three companies that would mean the best possible sevice available for Canada to transact business.

Mr. NESBITT: I take it from that that occasionally there is a large number of messages piled up and sometimes an alternative or more devious route is used to send those messages?

Mr. MARTIN: That is right.

The CHAIRMAN: Please carry on.

By Mr. Carter:

Q. May I ask a question? You inferred earlier in your brief—I do not know the exact page now,—but you inferred that your cable runs from England to Newfoundland?—A. Yes.

Q. You have other cables running to other parts of the world.—A. In other parts of the world, yes.

Q. From England to other European countries?—A. Yes, from England to other European countries, but Mr. Martin could answer that question better.

Q. If you were building this new cable, this coaxial cable, you would run it along the Atlantic bed?—A. Yes, via Newfoundland and Nova Scotia and on down to some point in the New England states.

Q. It would be somewhat parallel to the one you have now?—A. That is correct.

Mr. MARTIN: The route would be a little north of the present cable.

Mr. CARTER: One end would be in England?

Mr. MARTIN: That is right.

Mr. CARTER: Have you applied in England for a landing licence? Have you any authority to land on the English side?

Mr. MARTIN: We are presently negotiating with the British authorities.

Mr CARTER: How long have you been negotiating with them?

Mr. MARTIN: A little over a year.

Mr. CAVERS: You have not come to any agreement with them yet?

Mr. MARTIN: Not as yet.

Mr. CARTER: What would be the objection? Do they not have something which is an obstacle and which you would have to overcome?

Mr. MARTIN: The difference between the situation in England and here in Canada is that in Canada we have a charter and in England we do not.

Mr. CAVERS: What has the British government said to you in answer to your request to land on British soil?

Mr. HENDERSON: I believe they have not given their assent.

Mr. CAVERS: They just have not given any answer, or have they given you an answer for or opposed to the landing?

Mr. MARTIN: Yes and no. I cannot be definite one way or the other. I would say we do not have a turn-down.

Mr. CAVERS: You do not have a turn-down yet.

Mr. CARTER: Have you negotiated with any other country in respect to landing rights for your coaxial cable?

Mr. MACLAREN: I cannot see how anything that is outside of Canada has a bearing on this. We have been given permission to put a cable through Canada. Our one problem here is in respect to having circuits in Canada to which the C.P.R. will connect.

We are not objecting to the fact that the government has given us permission to build a cable, it has already granted that. What we are objecting to is: when our cable goes through Canada we want to have holes there so the C.P.R., or Maritime Tel. and Tel. or C.O.T.C. or somebody else could tie into it.

Mr. CARTER: I would like to follow that, Mr. Chairman, if I may. If these were granted to you, would that be any good to you if you did not have landing rights in England or some other country?

Mr. MARTIN: We would have to connect with somewhere, definitely. But, that has nothing to do with this application.

Mr. CAVERS: Mr. Chairman, I think this has regard to the fact that there are commonwealth agreements in existence. Then, does that not put us in this position, that we should know whether, at the other end of this line, you have acquired the right to place your holes, as you say?

Mr. MARTIN: There are no commonwealth agreements in existence. They have never been approved by parliament. So, all they are are pieces of paper that have been signed by somebody. That is the point we are trying to get across.

Mr. CAVERS: That is a question of interpretation, I think, as to whether that agreement is in effect.

Mr. MACLAREN: In connection with the Canada Shipping Act, lawyers from the Department of Justice have been up there and dealt with all those problems. There is no question that it has been dealt with very thoroughly by the officers of the Department of Justice and this Canada Shipping Act bill, which you are going to deal with, was dealt with there. And it is said that the agreement Canada entered into had to be approved. We had to make an amendment to the bill for that purpose. There is lots of precedent for that. The very fact that they had to approve in 1929 the Commonwealth Telecommunications Agreement in part, proves that the whole of them have to be approved now. There is no question about it at all.

Hon. Mr. MARLER: Mr. Chairman, while that may be so, the fact does remain that this cable is going from one place to another. I think that the committee is entitled to know what has been the position with regard to the cable at the other points at which it is to run. One of those points that has been mentioned is the United Kingdom. Mr. Henderson has told us that he has received no definite refusal from the government of the United Kingdom. But, those are not the only places to which the cables goes, according to the application. Perhaps Mr. Henderson might tell us what has been the attitude of the government of the other two countries that are concerned.

Mr. HENDERSON: The route of this cable is supposed to be via Greenland and Iceland. We have talked with both the Icelandic and Danish governments with respect to landing the cables at those point. I might say that the reaction is favourable. We have not made any approach except the initial approach. We do not intend to negotiate with them further until we have finished negotiating with Canada, and the United Kingdom. We do not anticipate any difficulty with Greenland or Iceland.

Mr. JOHNSTON (*Bow River*): But you are having difficulty, are you in Britain?

Mr. HENDERSON: Yes, but we have not given up, sir.

Mr. HAMILTON (*York West*): What effect would that have, right or wrong, in this particular incident, whether they have a place to drop their messages after they have put them on the line?

Hon. Mr MARLER: I suppose they want to have something at the other end of the cable.

Mr. HAMILTON (*York West*): That seems to me to be a very facetious answer, sir, because what we are dealing with here is a problem of a specific bill, and a specific right. If this submission is proper, it seems to me that, in fact, it might eventually end up that it will be turned down by the United Kingdom; but it does not seem to me to affect the judgment that we have got to give here.

Mr. CARTER: I agree with what my friend has said. But, Mr. Chairman one reason why I asked that question was because this whole brief seemed to me to have contained a lot of suppositions—a lot of suppositions, and some statements which have not been substantiated. It seems to me to be sort of an attempt to mislead this commitee. Now, I cannot see what significance the statement has. I am not interested in whether England has a cable line licence law or not. I do not see how that affects our judgment at all. But, it was brought in to affect our judgment in some way.

Mr. HAMILTON (*York West*): There is only one intention that might be indicated, and that is since there is a tie-up of some kind with this whole cable and wireless arrangement, that this is only one part in the plan to stop this particular deal, and to ensure not only a monopoly here, but one in the United Kingdom as well.

Mr. HENDERSON: Mr. Chairman, may I make a statement, please? We have considered the possibility of taking action in the event that we do not get consent in the United Kingdom. We are considering Germany as a landing point, or other places. We have actually had some conversations with Germany. So, there are other possibilities other than the United Kingdom if it does not give us consent.

Mr. NICHOLSON: Mr. Chairman, in regard to the United Kingdom, I wonder if the witness could tell us: since public ownership of the cable was carried out back in 1946, have they granted permission to any companies to land there since that time?

Mr. HENDERSON: Sir, I did not get the first part of that question.

Mr. NICHOLSON: I think in 1946 the cable was taken over under public ownership, as I recall it, in the United Kingdom. What has been the attitude of the British government since that time, since 1946?

Mr. HENDERSON: There has been no change.

Mr. NICHOLSON: Has there been any case, since 1946, where an application such as you are now pressing has been considered?

Mr. HENDERSON: No, sir.

By Mr. Follwell:

Q. Mr. Chairman, is it not true that the Commercial Cable Company, who are proposing to lay down the cable, would probably want to be sure that they were going to have outlets before they started to lay the cable? I would agree with them that they should come here first. I think the committee is a bit misled in regard to whether we decide whether or not this government permit them to lay the cable. I think the minister has already said that they have no objection to their laying a cable, and agree to the laying of a cable, but apparently there is objection to their having these circuits, or outlets. For the life of me, I cannot see what good laying a cable would be to them if they have not got permission to do business. Now, I think that is the presentation, is it not?—A. That is true, Mr. Follwell. I would say that aside from any question of law, the fact is that the Commercial Cable Company was given the right to operate in Canada 72 years ago, and they have been doing so ever since. They are in competition with a crown company that has come into existence in more recent times. That is a matter of government policy; nobody can quarrel with that. It might be that it gives the Commercial Cable Company more competition. Then, there is the Western Union.

The company now says we have this right, or we thought we had this right conferred by statute by the parliament of Canada. When we attempted to exercise this right under an application made to the department in 1954, in so far as Canadian outlets are concerned, the application is rejected. Where does that leave the company?

Q. Am I right in assuming this—and this might be of interest to the committee—that what you require for this coaxial cable is the right to have more outlets or circuits than you have at the present time? Is that not the sum and substance of your presentation?—A. That is right, sir.

Q. You are not complaining about what you have, but that you must secure outlets so you can do business; and there is no use going to Britain and saying, "Can we lay down a cable", because you have no business to do it under?—A. That is right.

By Mr. Nesbitt:

Q. Mr. Chairman, there has been a great deal of discussion on this question so far. Does the government intend to refuse further outlets to this company? We have been going on what has been alleged in the report, but I think we might be a little further ahead if we got an answer to that. Does the government intend to refuse these outlets?

Hon. Mr. MARLER: Mr. Chairman, so far as the Commercial Cable Company is concerned, the brief contains a letter which I wrote to Mr. Maclaren in that connection, and I think the terms of that letter are perfectly clear. I think, though, that before I try to deal with the thing more fully, perhaps Mr. Corlett might finish reading his brief, and we might hear any other presentations that might be made; and then I will try to convince the members of this committee that they should adopt this bill. I will be very glad to answer any questions that the committee has to ask in connection with it.

By Mr. Hosking:

Q. There are some things I cannot understand about this. It says, "England has no such cable landing licence laws as yet". If they have not anything like we have, what has the company been negotiating over for a year, and why do they introduce this extraneous subject into this brief in order to confuse us, or whatever it is there for? England, evidently, has some means of controlling outlets there, as we have been told they have been negotiating for a year. But, when you read this, "England has no such cable landing licence law as yet" it would make Canada look as though we had done something that is very detrimental, and that no other country has done. And then, if you go on: "—and legislation in the United States is not so broad and has not even been enforced in recent cases—". Why is this brought into the brief? Is it there to confuse us, or is it there to give us information, or what is it there for?—A. Mr. Chairman, if I might answer Mr. Hosking. We were motivated entirely with a desire to provide the maximum of information for the committee, in advance.

Q. Yes. But when we ask you now what England has got that is preventing you from having an outlet there and that you have been negotiating with for over a year, you do not tell us anything. They have got something that is preventing you, but you tell us that they have not got what we have, and you say you cannot put an outlet there; but you have been negotiating for a year. To me the whole thing seems to be predicated on the fact that we really do not know anything about it, or we will not understand it anyway, or that we are worse than some other country.—A. Mr. Chairman, when this was prepared, which was, of course, some while ago—Bill No. 212, I believe, received its first reading about April 12 but it was on the order paper for some considerable time—our only desire was to show that apparently they have no cable landing license law in the United Kingdom; and we also endeavoured to show that although the United States has such a law they have permitted Cable and Wireless to land in certain of their continental territories. Our only desire is to give full information but I think, Mr. Chairman, Mr. Hoskings question will be cleared up by reference to what the minister said on July 3 on page 5621 of Hansard when he dealt with this matter, perhaps, in a much fuller manner. The minister said on that occasion in reply to a statement made by the hon. member for Vancouver Quadra (Mr. H. C. Green) with regard to legislation in the United Kingdom:

> My information on that subject is that in the United Kingdom, under the Telegraphs Act, the Postmaster General is empowered to grant written licenses on such pecuniary or other terms as he may deem proper, either generally or in any individual case to any company, person or body to transmit telegrams. My understanding is that at the present time there are no licences in force for the cables from Canada to the United Kingdom and that they are, if you like, so to speak on the sufferance of the Postmaster General.

Now I would concede immediately that the reference to the "sufferance of the Postmaster General" perhaps more adequately expresses the matter than we did.

Q. Is not the position much worse, then, in England than our cable landing licensing law?—A. That question I suppose may be related to the fact that the governor in council here may make regulations to do such and such. He has discretionary power. What is the difference between the governor in council being able to do such and such, and the Postmaster General of the United Kingdom acting on sufferance? The standard as to what either must do is perhaps not entirely defined. Certainly in our case, under the statute, we do not quarrel with the necessity of the government having to have regulatory powers and exercising them through the governor in council.

Q. You do not quarrel with our having regulatory powers to regulate these things?—A. Mr. Chairman, in answer to Mr. Hosking, I would say, in principle: no. But then we have been subject to regulations ever since the inception of the act. The predecessor of the Telegraphs Act existed when the Commercial Cable Company was incorporated in 1884, and did much the same thing. If you will look into the 1875 statute dealing with marine electric telegraphs you will find that the scheme is pretty much the same as it is here. Regulation is not new.

Q. Then you have no objection to that.

By Mr. Nicholson:

Q. I notice that on page six of the brief there is a reference to the presence of Lieutenant Colonel Read of the B.P.O. at a meeting with the department. I gather that refers to the British Post Office and I wonder if the witness could give some information as to whether or not the British Post Office would be considered as a crown corporation in the United Kingdom?—A. Mr. Chairman, in answer to that question, the British post office is referred to, and I presume that either by ownership or by direction by statute they are entrusted with the administration of Cable and Wireless Limited which I believe, is now wholly owned by the British government.

Mr. HAHN: On a point of order, Mr. Chairman, we decided earlier, I believe, that we should hear the reading of the brief but apparently we have changed our mind with regard to this. It is now 5.30 p.m. and there is sufficient time for the witness to complete the reading of this brief before 6 o'clock, which would give us the opportunity of studying it—

I think that would be a wise course.

The WITNESS: (1) No satisfactory clear reason for the government's decision and policy in this matter has ever been given by the government. It is realized a government does not have to give reasons for its policy; but it puts a company like The Commercial Cable Company in a very unfair position if no clear cut reason for denying what parliament granted is given by the Minister of transport or the department. The Commercial Cable Company has always understood and still believes that the rates it charges have to be approved by the Department of Transport. This was stated to the Department of Transport on the filing of the application for a new cable in 1954 and has been mentioned many times since. Along with other carriers it has, over the years, always attended and submitted alterations in rates at joint meetings arranged and held by the Department of Transport or its predecessor. It was only recently stated by the Department of Transport officials that one of the matters of concern to the Department of Transport was that with 24 possible new outlets available in Canada in the proposed new cable that The Commercial Cable Company might cut rates to get business to the detriment of C.O.T.C. If this is one of the reasons for the government's refusal of any new outlets in cables, why was it not made clear, and an undertaking to confirm the long established practice of The Department of Transport approving rates would have been given by The Commercial Cable Company as it will be given now. If this is the only reason for Bill No. 212 The Commercial Cable Company has no objection to rates being controlled as long as they are exactly the same for all cable companies without any fringe benefits to other companies whether Crown Corporations or otherwise.

The Commercial Cable Company is not averse to being further licensed, if necessary, as long as the license fees or other regulations made are not prohibitive. It is pointed out that a large license fee is only a book-keeping entry from one pocket to another as far as the Crown Corporation, C.O.T.C. is concerned. The Commercial Cable Company does not object to being further licensed in any way as long as the wide powers given by section 42(c) of Bill

No. 212 could not be abused to prohibit its operations such as having further outlets in Canada in its new cable and as authorized by its charter from parliament. *It is suggested that an independent body or commission like The Board of Transport Commissioners, divorced from the Department of Transport or the natural influence of a crown corporation should be given these powers to license and control cable companies and the rates charged by cable companies.* For example, under the Railway Act, the Board of Transport Commissioners has been given express jurisdiction relating to control over tolls and rates to be charged by international bridges (1929). It also possesses similar controls with reference to express tolls and telegraph and telephone tolls.

(2) The Commercial Cable Company should be specifically excluded from the operations of Bill No. 212 and should be entitled to outlets in Canada in the new proposed cable as requested and as parliament set out in the old charter —or—Bill No. 212 should be redrafted to give the Board of Transport Commissioners jurisdiction over rates and also outlets in new cables if the latter is deemed necessary. Otherwise, the action of the Canadian government would be worse than that of the government of the state of Maryland and other states where legislation was passed or contemplated refusing Carling Breweries a subsidiary of a Canadian company, from doing business or expanding its business in that part of the United States. Fortunately, that legislation was vetoed in the United States. All that is asked is for justice and fair play, or at least let this old established private company know what it is to do from here on, by making a clear statement approved by parliament either that they may as well get out of business in Canada because they cannot expand, compete or improve their services; or that Canada is to have competition and better service for its people and world trade. A quality product at a bargain price cannot happen in a monopolistic or *state*-controlled industry—whereas—where industry and commerce is free to compete, we can always look for new achievements and new gains for the customer.

VII. *To Summarize*:

It is a well-known fact that communications are the lifeline of international trade.

In the development of its international trade throughout the world, Canada needs and should have all the facilities that can be made available; no one communication company is in a position to give the best service to all countries of the world.

The Commercial Cable Company has been providing service to the Canadian public since 1884. Its facilities are no longer adequate to meet increasing demands by the Canadian public for more direct and better service. The company is prepared to provide the necessary additional outlets but the Canadian government will not permit it to do so. Here is a better service to Canada that is being offered without the governement having to loan a cent of capital (like they have to do for Trans-Canada Pipe Lines). Canada has, or will be given if necessary control over the rates for cable messages. All that is asked for is outlets in Canada to service the Canadian public. This to date the government has refused. The regulations under Bill No. 212 are designed to give the government authority to make legal this refusal, countrary to the charter granted by parliament.

The ultimate result of the government's refusal to allow The Commercial Cable Company to have outlets in Canada, out of its proposed new cable, for the purpose of replacing obsolete equipment and opening new circuits to meet demands for better service, will be a C.O.T.C. monopoly.

What would a C.O.T.C. monopoly mean to Canada:

(1) Canada's position in the field of international communications would be relegated to that of colonial status.

(2) The Canadian public and diplomatic missions could no longer choose the route they prefer and best suited for their needs.

(3) In effect, the government would be giving notice to all countries of the world that, while Canada wishes to do business with them, they can no longer choose the route they wish when communicating with Canada; rather, they must transmit their messages in such a way as to be received in Canada by C.O.T.C., even though, in many cases, this might mean routing traffic around the world with resultant heavy delays.

(4) In any event we are advised C.O.T.C.'s facilities alone would definitely not be adequate to take care of the needs of Canada's international communications.

(5) It is possible that, during a national emergency, C.O.T.C.'s link through the British Post Office, London, might be interrupted. With no alternate outlets, Canada would then be virtually cut off from cable communications with most countries of the world at a time when it requires all the facilities it can muster.

Dated at Ottawa, Thursday, the 10th of May, A.D. 1956.

Respectfully submitted,

G. F. MACLAREN,
M. E. CORLETT,
Counsels for the
Commercial Cable Company.

Mr. NIXON: Mr. Chairman, I move that we adjourn.

The CHAIRMAN: Are there any other representations?

Mr. NICHOLSON: There was a motion that we adjourn.

The CHAIRMAN: It was not carried. The motion is that we adjourn. What is the pleasure of the committee?

Mr. CAVERS: Mr. Chairman, this gentleman, Mr. Henderson, will be only five minutes and I think we might hear him.

Mr. Forest L. Henderson, Executive Vice-President of the Commercial Cable Corporation, called:

The WITNESS:

Mr. Chairman and Honourable members of the committee;

My name is Forest L. Henderson. I am Executive Vice-President of the Commercial Cable Company and in the absence of our president who is in Europe at this time, I am appearing before your committee for our company with reference to Bill 212.

First, I wish to endorse the statement heretofor made in our behalf by Mr. Murray Corlett and my statement is merely to implement his statement with reference to a few points.

The question before this committee and your parliament, as far as our company is concerned, is the desirability or necessity for the passage of Bill 212. Bill 212 requires a licence to be issued to submarine cable companies. As Mr. Corlett has pointed out, the Commercial Cable Company already has a licence granted by parliament in 1884 under which the company has been

operating all these years. The question arises then, why should the Commercial Cable Company be required to seek another licence from the Department of Transport. I know of no better way to attempt to answer that question than to address myself to the statements of the Minister of Transport in the debate in the House of Commons on July 3, 1956.

The Minister of Transport calls attention to the fact that 75 years have elapsed since the Telegraphs Act was first enacted by parliament and that it is time for a change because of the way in which improvements in the general field of communications have developed. In my opinion, the fact that the Telegraphs Act has been in effect all these many years without serious objection by anyone is fairly good proof that it is a good law. I would like to add here that many revolutionary changes and improvements have been made in submarine cable transmission and operation during these 75 years. The first trans-Atlantic cable only worked at a speed of 3 words per minute, whereas present day cables—and I am not referring to coaxial cables—operate at speeds of between 150 and 300 words per minute. However, none of the Minister of Transport's predecessors found it necessary to change the Telegraphs Act or the provisions of the company's 1884 charter. I want to emphasize and call your attention to article 11 of the company's 1884 charter which reads—"The company may use any or all of their submarine cables or landlines either as telegraphic or telephonic cables or lines or both". We therefore have definite proof that the government officials and members of parliament and the officers of the company foresaw revolutionary changes in submarine cable transmission and operation in 1884 and made provision in the company's charter for submarine telegraph and telephone cable operation. The Commercial Cable Company has had the right and still has the right under its 1884 charter to lay a new cable of large capacity and use it for telegraph or telephone or both. The company now operates $9\frac{1}{2}$ duplex channels across the Atlantic to handle all of its traffic between Canada and the U.S.A. on the one hand and Europe, Middle East Africa and Asia on the other hand. Because of the increasing volume of Canadian traffic the company is obliged to route some of its Canadian traffic each day through New York, and therefore our company has need today for a minimum of 24 additional channels terminating in Canada to handle the present demand for customer telex service, leased circuits to companies and the increase in message traffic. How does the Minister of Transport propose to handle this situation? He now calls attention to the new telephone cable which the officials of your government and our company foresaw 75 years ago and says that it has a capacity of at least 800 telegraph circuits at 60 words per minute each and the Telegraphs Act should be amended to meet this situation. Now, as you know, this new telephone cable is jointly owned by the C.O.T.C., a crown corporation, British Post Office and the American Telephone and Telegraph. It is nothing new as both the British Post Office and the American Telephone and Telegraph have been working on the plans for this cable since 1928.

The Commercial Cable Company, in order to take care of the increasing demands for message traffic and leased channels for private business use, applied to the governor-in-council as provided in its 1884 charter for approval of its plans to land a modern coaxial cable with a capacity of 120 channels on September 13, 1954. What did the Minister of Transport do with our application? He told us we could use the cable for defence purposes but for commercial purposes we could only lease circuits to the Canadian Overseas Telecommunications Corporation, a crown corporation controlled by him and a joint owner in a modern coaxial cable with a capacity as stated by the Minister of Transport of at least 800 channels. Bear in mind that our application only requested permission for the termination of 24 channels in Canada and he says we need to be controlled.

Now let me deal with the question of monopoly for a few moments by pointing out these facts:

1. The C.O.T.C. has joint ownership in 800 telegraph channels plus its present capacity of both cable and radio. Our 9½ channels are insufficient and he denies our request for 24 additional to be used as needed.

2. The Minister of Transport in debate stated that he had a feeling that it would be desirable if all telegraph business in Canada were routed to the cable heads in Canada over facilities located in Canada and owned and operated by Canadians. We are glad to say that this is so as far as Commercial Cable Company is concerned.

3. The Western Union, we believe, operates in Canada and owns facilities in Canada somewhat the same as the Commercial Cable Company and in addition, has a traffic agreement with the Canadian National Telegraphs which is government-owned.

4. It is also a well known fact that submarine cables over 70 years of age soon become uneconomical to maintain and operate. Both the Commercial Cable Company and the Western Union have several cables over 70 years of age.

QUESTION: What happens when—

1. our cables become too old to keep in operation;

2. the Western Union traffic agreement expires with CNR;

3. Commercial Cable Company already has been denied any increase in its facilities; and

4. The crown corporation C.O.T.C. is permitted unlimited expansion in addition to joint ownership in a cable with a capacity of 800 telegraph channels.

ANSWER: Obviously a monopoly by C.O.T.C. and the elimination of competing cable companies.

I would like to call the attention of this committee to the fact that in the radio field, single radio-telegraph circuits have been increased in efficapicity to as high as 8 channels and there is no attempt to my knowledge to restrict such increase. Why should the increase in the channel capacity of a submarine cable be controlled? It would appear that the Minister of Transport does not wish to see the cable service of other companies improved while permitting the C.O.T.C. to enjoy unlimited cable and radio facilities with improved service. We cannot operate with horse and buggy equipment when others are permitted to use modern jet equipment.

The Minister of Transport in the debate also points to what he describes as complications resulting from the fact that most of the cables that are landed at some point in Canada are used for the transmission of messages between the United States and Europe for through traffic and are divided into two segments. He further states that there might not be any objection to granting permission for a cable to carry through traffic but there might be very real and valid objections to the provisions of facilities additional to those already established to meet Canadian requirements. I say to you that this sounds strange coming from a man who says in the same debate in support of his bill that the new telephone cable in which his crown corporation C.O.T.C. has a joint interest will have a capacity of not less than 800 channels or 40 times the capacity of all existing trans-Atlantic submarine cable circuits.

I would like to refer to the remarks made by the honourable member Mr. L. T. Stick during the debate regarding the rights the companies possessed in Newfoundland before confederation. The company's agreement made in 1905 with the Newfoundland government gave the company its right to handle traffic to and from Newfoundland through its own offices established at St. John's and Port aux Basques, connecting with its office at Canso, Nova Scotia. Subsequent agreements in 1909 and 1926 provided in part—"The government hereby grants to the company the right to land at Newfoundland said cable and also to land at any time hereafter any other cables which the company may desire to land at Newfoundland"—and again—"The government agrees to grant to the company the right to land any of its through cables at Newfoundland on terms and conditions as favourable to the company as those under which any other cables present or future are granted landing rights and privileges by the government of Newfoundland, etc."—At the time of confederation the Department of Transport cancelled our right to handle between Newfoundland and the rest of Canada but under an agreement we made with the CPR to become their agent in St. John's we were able to continue to handle traffic between St. John's and Canada. We continued to handle international traffic in Newfoundland under the provisions of our 1884 Canadian charter. We still consider our 1905, 1909 and 1926 agreements for the landing of cables in Newfoundland to be valid but are naturally fearful from past actions that Bill 212 will vitiate the rights we enjoy under these agreements and our 1884 charter.

In closing, I wish to add that our present annual maintenance and operating expenses at St. John's are $192,000—Canso $101,000 and the rest of Canada $66,000. In addition, a considerable portion of the tolls on all Canadian traffic we handle is retained by the Canadian carriers with whom we connect at the coast. Our taxes in Canada for 1955 were $22,500. The expenses of our cable ship which is now being based at Halifax will amount to approximately $800,000 per annum. If our application for a new cable were approved, in addition to capital expenditures for laying same, there would be an additional annual expenditure in the maritime provinces of approximately $250,000 per annum.

As above indicated the only trans-Atlantic telegraph competition with C.O.T.C. will be eventually throttled out of business. Naturally we are fearful of the provisions of Bill 212 as they presently read if they are made to apply to The Commercial Cable Company.

I thank you.

Mr. HAMILTON (*York West*): Have you extra copies of that statement?

The WITNESS: Yes, we have a few.

Mr. CAVERS: Mr. Chairman, before the meeting comes to an end, I would like to move, seconded by Mr. Hosking that the committee print 650 copies in English and 200 copies in French of the minutes of these proceedings and the evidence in connection with Bill 212.

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: Tomorrow morning at 10.30 in room 118.

Mr. GREEN: Mr. Chairman, may I ask whether you are planning to sit tomorrow evening? Quite a few of us have to go to Chalk River for supper tomorrow.

The CHAIRMAN: We will have to decide that after we see how we get along.